

**CORRECTED MINUTES
ROCKFORD POLICE PENSION BOARD
AUGUST 20, 2015**

MEMBERS PRESENT: Jeff Nielsen, President
Marcia Mueller, V.P.
Joe Stevens, Secretary
Paul Swanberg, Assist. Secretary
Scott Laue, Trustee

ABSENT:

ALSO PRESENT: Roberta Holzwarth - Holmstrom & Kennedy
Eric Gaylord – Marquette Associates

GUESTS: Ignacio Galaz - PIMCO

STAFF: Linda Wlaznik, Finance

The August 20, 2015 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:07 a.m.

Motion by Mueller and seconded by Laue to table the July 29, 2015 minutes of the Board meeting.
APPROVED.

PUBLIC COMMENT

NONE

CASH & INVESTMENT REPORT

Gaylord stated that the unemployment rate remained the same at 5.3%; inflation remains below the federal government's target. Growth stock outpaced Value stocks; the Russell 1000 Growth was up 3.4% for the month of July whereas the Russell 1000 Value was only up 0.4%.

Gaylord recommended withdrawing \$200,000 from Vanguard Value, \$350,000 from Vanguard Institutional, and \$200,000 from Vanguard Midcap for cash needs. Gaylord reviewed the performance of the managers.

Motion by Mueller and seconded by Laue to approve the withdrawal of \$200,000 from Vanguard Value, \$350,000 from Vanguard Institutional, and \$200,000 from Vanguard Midcap for cash needs.
APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue
Nays: None

Motion by Mueller and seconded by Laue to approve purchases and sales. APPROVED.
Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue
Nays: None

CITY BILLS

Motion by Mueller and seconded by Laue to approve August City Services of \$9,741.67. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve July postage charges of \$262.82. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom Kennedy, P.C. for June attorney fees for general in the amount of \$1,908.50. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom Kennedy, P.C. for July attorney fees for the Gulbrantson disability matter in the amount of \$4,140.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom Kennedy, P.C. for Annual Medical reviews \$157.50.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Marquette Associates for Investment management fees from August 1, 2015 through October 31, 2015 in the amount of \$16,250.00. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to The Northern Trust Company for Investment management fees from April 1, 2015 through June 30, 2015 in the amount of \$5,807.47. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

ATTORNEY'S REPORT

Motion by Mueller and seconded by Stevens to approve the amended order to add the word "condition" to the phrase "heart" on page 13 of 18 for the Gulbrantson disability. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the open session minutes of July 29, 2015 regarding the Gulbrantson disability hearing. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the closed session minutes of July 29, 2015 regarding the Gulbrantson disability hearing. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

OLD BUSINESS

Motion by Mueller and seconded by Laue to approve the retirement application for John Eau Claire; retirement effective September 9, 2015. His pension benefit will be \$71,460.48 annually/\$5,955.04 monthly. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

PAYROLL

Motion by Mueller and seconded by Laue to approve the first increase for Terrence Peterson in the amount of \$149.02/monthly, for a monthly benefit of \$5,116.21, annually \$61,394.52. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the August estimated payroll amount of \$1,274,144.73. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the July actual payroll amount of \$1,270,178.11. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Stevens, Swanberg, and Laue

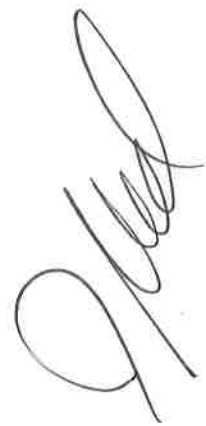
Nays: None

PIMCO PRESENTATION

Mr. Galaz introduced himself and gave a brief overview of the management history. Three biggest concerns expressed by clients were due to organizational issues, 1) Outflows, 2) Employees leaving, and 3) Ability to attract new employees. Page 6 provides an update on Research Affiliates, LLC, **who acts as an adviser to the PIMCO fund**. Page 9 provides an analysis of the performance of the various asset classes.

Page 12 illustrates the performance of the fund. Year-to-date the fund has 4.4% exposure to commodities, which has hurt the fund. The exposure to emerging markets is mainly emerging market local bonds. Bonds are issued in local currency and typically receive higher interest rates. Exposure to treasury inflation protected securities (TIPS) has had a negative affect on the fund. Research Affiliates' picks the **underlying funds which make up the All Asset Fund**, PIMCO has discretion to manage underlying funds.

The key statistics of the strategy illustrates the estimated rate of return is 5.1% over the next twelve months. Mr. Galaz stated that PIMCO is the largest commodity manager in the world. We believe that the federal government will raise interest rates in September, if not definitely this year. A motion to adjourn was made and seconded at 9:52 a.m.

A handwritten signature in black ink, appearing to be 'P. Galaz', written vertically on the right side of the page.